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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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C O N T E N T S

(Information as of noon EST, 31 December 1969)

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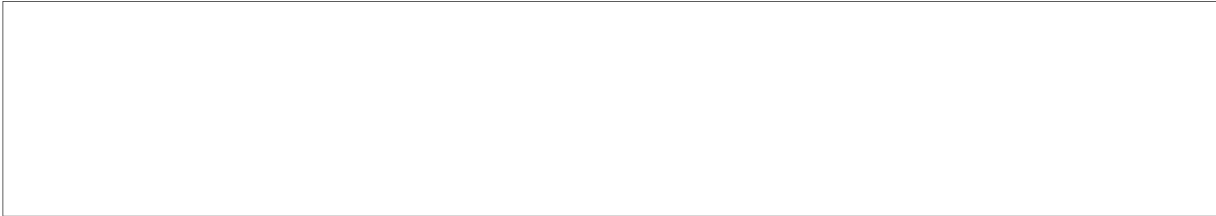
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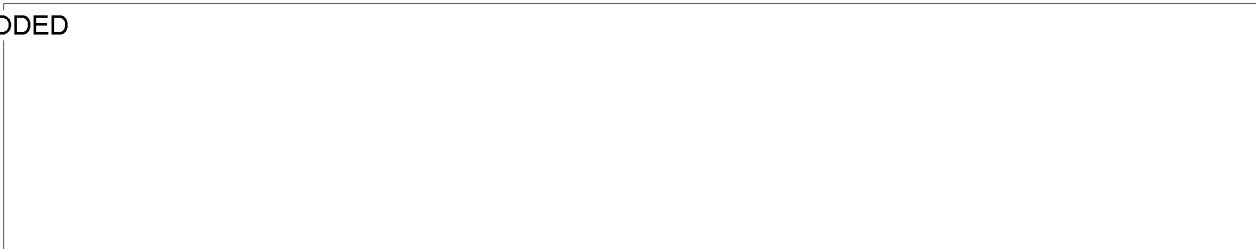
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Further clues to the power relationships among North Vietnam's leaders cropped up in late December. On the occasion of three important anniversaries, most of the hierarchy turned out, with the notable exception of party first secretary Le Duan, who nominally heads the list of Ho Chi Minh's successors. Although Le Duan may be active behind the scenes, available evidence suggests his actual power is less than his top ranking implies.

On the political scene in South Vietnam, President Thieu is keeping up the pressure on the Lower House to oust three allegedly pro-Communist deputies, and the government reportedly is encouraging demonstrations if the House fails to act. Thieu also has tightened up on the press by suspending three Saigon dailies that have been critical of his policies.

Only light military activity took place in South Vietnam between the holiday cease-fire periods, with no US fatalities reported but over 100 enemy troops killed. Military activity in Laos also was fairly light, especially in the north. In southern Laos, recent government gains are likely to blunt a Communist threat against population centers near the Mekong Valley.

The Thai Government announced within the past few days that it had opened discussions with Saigon on the timing of the withdrawal of Thai troops from South Vietnam. In keeping the troop issue alive, Bangkok is more interested in reaffirming the temporary nature of the Thai presence in Vietnam and in appearing to stay in step with allied policies than in initiating any immediate withdrawal.

The Republic of Singapore, worried that the British withdrawal in late 1971 will leave it defenseless, is actively building a strong "hedgehog" defense that would keep the small island from being gobbled up by its larger neighbors or other possible aggressors. The government is concentrating on strengthening the army, buying new arms, and seeking military advisers.

Japan's opposition parties are more fragmented than ever following the sweeping election victory of Prime Minister Sato's conservative party. The primary losers were the Socialists, who gave up many seats also to the fast-rising Komeito, the political arm of a powerful Buddhist organization, and to the Communist Party.

Peking has put forward a new "model" for emulation in its sputtering attempt to rebuild the shattered Chinese Communist Party. The rebuilding process will not be accomplished easily, however, and this new statement still leaves the picture clouded.

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VIETNAM

Leadership Turnout: Where's
Le Duan?

Most of North Vietnam's top leadership showed up publicly in late December for the celebration of three important Communist anniversaries. Six of the nine surviving members of the North Vietnamese party politburo made at least one appearance. Two others have been out of the country. The most notable absentee was party first secretary Le Duan, who, despite his nominal ranking as the top party official among Ho Chi Minh's successors, has not played a significant public role since Ho's funeral last September.

National Assembly chairman Truong Chinh, Premier Pham Van Dong, and Defense Minister Vo Nguyen Giap all performed in their usual prominent roles. Giap received the lion's share of attention during the army's 25th anniversary celebrations, producing several major statements for the occasion.

Truong Chinh, who ranks just after Le Duan in the current party line-up, which was established at the last party congress in 1960, has been by far the regime's most prominent personality in terms of public exposure and pronouncements since Ho Chi Minh's death. In marked contrast, Le Duan has gone virtually unreported in North Vietnam's press and radio, where his activities have been noted only

twice in the past three months. Le Duan may be preoccupied with behind-the-scenes party chores, but the available evidence suggests that he does not command the power in the post-Ho regime that would normally be conferred on him by his ranking in the hierarchy.

Better clues to the shape of the leadership may be forthcoming in the near future. The 40th anniversary of the North Vietnamese party takes place on 3 February and the regime has indicated that it intends to mark the occasion in a big way. A prominent role for Le Duan would seem to be mandatory if Hanoi wants to maintain a facade of collective leadership with the same figures in the same jobs.

Cease-fire Periods
in South Vietnam

Communist military activity between the holiday cease-fire periods was generally light. Aside from several small-unit attacks and scattered rocket and mortar shellings, most of the fighting was the result of allied initiative. The heaviest fighting erupted in northern III Corps and in several delta provinces.

The Communists were charged with some 115 violations of the 24-hour Christmas cease-fire period observed by the allied forces, a slightly lower number than during last year's standdown.

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In terms of casualties, no US fatalities were reported, and only two Americans were wounded. South Vietnamese forces took heavier losses than in past years with 19 reported killed and another 62 wounded. Known Communist losses were roughly three times higher than in 1968--more than 100 enemy troops were reported killed.

President Thieu is maintaining pressure on the Lower House to oust three allegedly pro-Communist deputies, but he apparently is backtracking somewhat in public for the sake of appearances. There have been follow-up demonstrations in some provinces since the 20 December demonstration in Saigon during which protesters demanding action against the three legislators invaded the Lower House chamber.

Meanwhile, the government is tightening its control over the press. The suspension of three Saigon daily newspapers in recent days appears to mark a reversion to a stiffer press policy; only a few papers had been suspended since the installation of a new information minister in September. One of the suspended papers was published by the An Quang Buddhists and the other two by members of the Lower House--a factor that may further inflame executive-legislative relations. The new press law passed by the Assembly earlier this month forbids the closure of newspapers without court action, but Thieu promulgated the law only after the three papers were suspended.

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PEKING CONTINUES ATTEMPTS AT PARTY BUILDING

The heavy propaganda play given the formation of several local party branches in recent weeks suggests that Peking is trying to step up the rebuilding of the shattered Chinese Communist Party apparatus. Since the ninth party congress last April the process has been seriously hindered by the regime's failure to resolve several key problems. In a widely publicized domestic radiobroadcast of 15 December, however, the party committee in a printing plant in Peking was put forward as an example for national emulation.

A Chinese official recently emphasized the importance of the broadcast by describing it as "an authoritative statement on party reorganization."

The announcement concerning the Peking printing plant provides an authoritative statement on the delicate problem of how authority is to be divided between the new party organs and the established revolutionary committees--the governing bodies that were formed at most local levels during the Cultural Revolution. The broadcast stressed that revolutionary committees must submit to the leadership of the new party committee. The Chinese official characterized this as a beginning that would slowly spread.

On the crucial question of who will run the new party committees, the broadcast stipulated that the majority of the revolutionary com-

mittee members are also members of the party committee, and that the party committee will not establish separate administrative organs. If the party is established without its own command control apparatus, however, it would be a party in name only, bearing little resemblance to traditional Communist party structures. At this stage it appears that the men who have been running China's basic-level governing bodies for the past three years may for the most part, simply be redesignated as leaders of the new party committees and continue to operate largely through their established chains of command. Because the military controls the revolutionary committees in the majority of localities, it can be expected to continue to exert a dominant influence.

Regarding the difficult problem of staffing the party, the Peking broadcast singled out the important role to be played by former party officials. It pointed out, for example, that the army blocked attempts to expel some veteran cadres--who presumably were criticized during the Cultural Revolution--from the party and even maintained some in positions of leadership. The precise role to be played by veteran cadres has been a major stumbling block in the party rebuilding process, and the political rehabilitation of former local party leaders has been hotly contested in many areas by erstwhile Red Guard factionalists. The latter

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have been seeking places in the party on the grounds that they represent the "new blood" that Mao Tse-tung had said must be infused into the party after the Cultural Revolution.

The broadcast of 15 December was apparently intended to present an authoritative picture of what Peking wants the party to be, but it is at best a shaky compromise that falls far short of creating an effective apparatus. Moreover, the experience of the last few years suggests that the party-building process

will continue to be difficult and uneven. The need for competent local leadership is still critical as serious personnel problems continue to beset the revolutionary committees that are supposed to provide the core of leadership for the new party machinery. The number of propaganda broadcasts scoring new cadres for inefficiency and factional activities and old cadres for footdragging and apathy testifies to Peking's frustration over the fact that the revolutionary committees themselves are far from perfectly functioning organs of government.

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JAPANESE GIVE SATO RINGING ENDORSEMENT

The sweeping victory scored by the ruling conservatives in the lower-house elections on 27 December has left Japan's political opposition more fragmented than ever. Prime Minister Sato and his aides are claiming publicly that their party's unexpectedly successful showing represents a strong endorsement of the recent Okinawa settlement and a clear mandate for continuing Japan's close defense relationship with the US.

Sato's hand within the party will be strengthened somewhat by the ten seats gained by his faction. A similar gain was also made by the forces of former

transport minister Nakasone, the rising young leader of the party's "new right." Nakasone, an advocate of a more "independent" defense posture for Japan and a possible future contender for leadership of the conservative party, now will have to be involved more directly in party decisions.

The conservative gains came largely at the expense of the Japan Socialists, the faltering major opposition party. The Socialist losses resulted primarily from the party's unbending preoccupation with unpopular ideological issues, bitter factional infighting, and overreliance on waning labor-union support.

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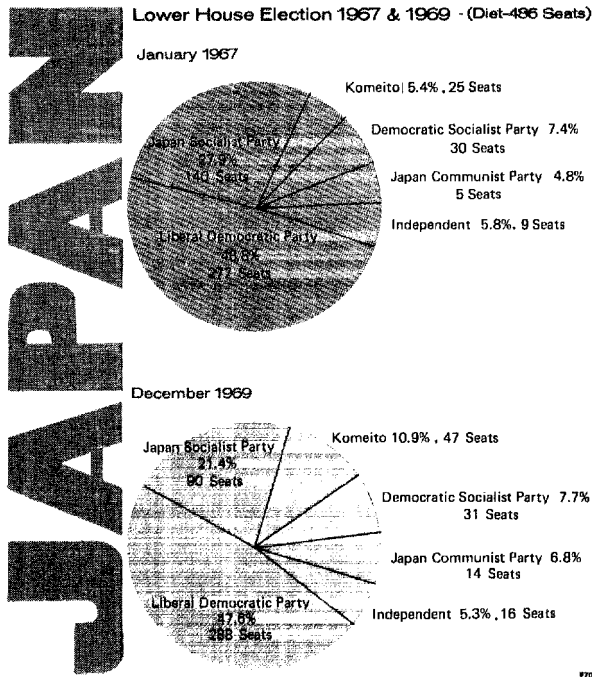
The conservatives' actual share of the total vote declined slightly, but at a rate considerably less than in the last two lower-house elections. The conservatives benefited from voter apathy, particularly among the younger, urban population that traditionally has given strong support to the left. This advantage was reinforced by the electoral districting system which gives disproportionate weight to the votes of proconservative rural areas. This weighted rural vote is responsible for the conservatives' taking almost 60 percent of the seats with only 48 percent of the vote.

The Clean Government Party (Komeito) and the Communists also racked up impressive gains at the expense of the Socialists. The Komeito, which apparently attracted significant support from beyond its own ranks, moved ahead of the Democratic Socialists and now has the third largest representation in the Diet. The Komeito has been very effective in fashioning its policies to appeal to the broadest possible base, particularly on pragmatic local issues. The Communists made their best showing in recent years, almost tripling the number of seats they held in the lower house.

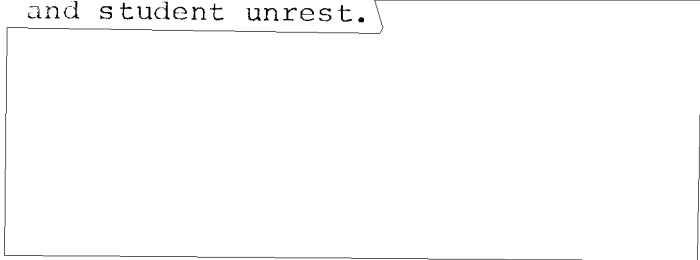


The Democratic Socialists, who picked up only one seat, regard their performance as a "defeat" because of their failure to profit from the debacle of the Japan Socialist Party.

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The conservatives benefited from the inability of the two Socialist parties, which were the major opposition elements going into the election, to take full advantage of popular concern over pragmatic domestic issues such as rising prices, inadequate housing, and student unrest.



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SINGAPORE SEEKS HEDGEHOG DEFENSE APPARATUS

Singapore, long dependent on Britain for security, is trying to build up an effective defense organization in anticipation of the British withdrawal in late 1971. The government has been working toward establishing a small but tough and well-trained army since the dissolution of the merger with Malaysia in 1965, but that process is still far from complete.

Singapore hopes to achieve what it has termed a "poison shrimp" position--a security structure that would be sufficiently potent to deter would-be aggressors but would be too weak in itself to attempt offensive action. Current plans envisage boosting the present standing army of roughly 7,000 men to about 8,800 by the end of 1970--largely by national conscription. This force will be backed up by a People's Defense Force, similar to a national guard, of around 1,700.

At the present time, the only major armaments that Singapore has are 40 to 50 French tanks

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[redacted] Its air and sea power are even more limited, and the island state will remain dependent on Commonwealth assistance in these spheres for some time. In addition, the army is dependent on outside sources not only for equipment but also for training.

[redacted]

Singapore's leaders are apprehensive about the state's future security. They see it endangered by a potential squeeze play by Indonesia and Malaysia, they worry about the effects of a US pull-out from Vietnam, and they distrust the sincerity of the participants in the five power defense arrangement involving Singapore, Malaysia, the UK, Australia, and New Zealand. In addition, having witnessed the racial riots in Malaysia after the elections there last May, the government is even more than usually concerned that further turmoil there might spill over into Singapore itself.

[redacted]

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Singapore's efficient and often ruthless police force directed by the authoritarian Prime Minister Lee should have no trouble taking care of internal disturbances. Singapore itself has demonstrated no aggressive ambitions against other countries, but authorities believe that their strategy of a strong defense is essential and are expected to continue seeking additional arms and advisers for the security forces.

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PHILIPPINES IN FINANCIAL STRAITS

President Marcos, confronted with a deepening foreign-exchange crisis, is seeking massive foreign funds to bail Manila out, and is initiating some minor corrective measures.

The Philippine balance-of-payments situation has deteriorated over the past three years as a result of soaring imports and stagnating exports. This year a drought further aggravated matters by reducing agricultural exports. The growing trade deficits have been financed by short-term borrowing, mainly from US banks, and by drawing down already low foreign-exchange reserves. Unable to make good on its short-term obligations in September, Manila postponed repayment until January 1970, and conditions have continued to worsen. Many Philippine plants, lacking the foreign exchange to buy imported raw materials, indicate they may have to cut back production. In early December, moreover, Japan decided against extending new export credits.

Manila's initial reaction to its problems has been to seek long-term foreign loans to replace short-term obligations. US banks have been requested to stretch short-term debts to five years and Washington has been asked to make an advance purchase of Philippine pesos needed for US expenditures in the Philippines over the next year.

Marcos announced in a television talk on 20 December that stabilization loans and trade credits had been negotiated from US, European, and Japanese sources. These, however, presumably will be

contingent on arrangements for a drawing from the International Monetary Fund (IMF)--a subject that Marcos glossed over during his TV talk. Marcos and his advisers hitherto have been loath to seek IMF guidance and assistance for fear that suggested measures would be politically unacceptable.

Manila's inability to obtain assistance on the scale sought, particularly from the US, however, may be softening its attitude toward instituting remedial measures and accepting IMF guidelines. Restrictions on foreign remittances, government purchases, and stock-market transactions--also announced on 20 December--are among steps the IMF almost certainly would require.

Foreign governments have indicated to Manila that large-scale loans would only be a temporary palliative unless the Philippines tackles its fundamental problems simultaneously. The Marcos government, however, seems unable to curb the manifestations of intense nationalism that have brought about an unfavorable investment climate for foreign capital. Moreover, pervasive corruption permits considerable illegal foreign-exchange transactions and smuggling.

With re-election behind him, Marcos may believe he can afford to attempt more rigorous steps. Should he persist, however, he will sooner or later come up against the oligarchy that controls much of the economy and to which he is politically beholden. 25X1

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EUROPE

The Soviets are girding for new rounds of talks with both China and the West. First Deputy Foreign Minister Kuznetsov will return to Peking shortly to resume the border talks, which apparently have progressed little beyond a firm spelling out of basic positions. The next round may be a crucial one as Kuznetsov undoubtedly will try to get things off dead center after consultations in Moscow. One Soviet official has claimed that the two sides have at least agreed "in principle" to restore ambassadorial relations.

Meanwhile, in addition to starting arms limitation talks in April, the US and the USSR will open discussions in Moscow on 7-8 January looking toward staging a law-of-the-sea conference. The Soviets are also willing to resume the disarmament conference in Geneva in February.

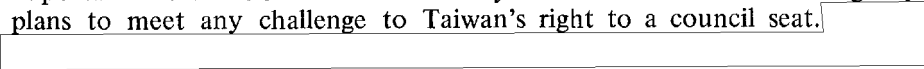
West German Chancellor Brandt this week publicly confirmed that agreement had been reached with Poland on the opening of political talks—probably at the undersecretary level—during the second half of January. Meanwhile, in the face of East Germany's uncompromising approach to possible all-German negotiations, pessimism is growing in West German official circles and in the press regarding the usefulness of such talks. Brandt, nevertheless, takes the view that the hard-line East German treaty proposal is only a "draft," and he is determined to make counterproposals. He will make a careful exposition of Bonn's position on this question in his state-of-the-nation address on 14 January.



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Belgrade expects to announce the appointment of an ambassador to Peking soon. It also suspects that Moscow is dragging its feet on the 1970 trade talks with Yugoslavia for political reasons. To push his pet project of a nonaligned summit meeting, Tito is planning a month's visit to Africa starting in late January.

This week's change in the membership of the UN Security Council is not expected to have any substantial effect on the voting line-up on issues of importance to the US. Countries friendly to Taiwan have made contingency plans to meet any challenge to Taiwan's right to a council seat.



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SOVIET THESES FOR LENIN'S CENTENNIAL

The Soviet Communist Party's Theses for the centenary of Lenin's birth published last week are intended to reassert the CPSU's claim to leadership of the world Communist movement. Like the 1967 Theses for the 50th anniversary of the Soviet Union, the document looks backward rather than to the future, and like those Theses, it will serve as a framework for orthodoxy in the months of preparation for the celebration next April.

The Lenin Theses forcefully emphasize the "correctness" of all major Soviet policies since 1917 and condemn national and regional adaptations as inevitably leading to the rewriting of the basic principles of Communism. Except for brief and perfunctory jabs at "US imperialism" and "revanchist forces" in West Germany, the Theses criticize developments or policies that Moscow dislikes in other countries and parties without specifically identifying the culprits.

In an obvious reference to the Czechoslovak reforms of 1968, the Theses warn that any attempt to weaken the dominant role of the Communist Party opens the way to the restoration of capitalism. Workers' councils--presumably Yugoslavia's--are described as having "nothing in common with scientific socialism." Strictures against "reactionary-utopian and military barrackroom socialism" denigrate Maoist policies while avoiding mention of China and staying within the

bounds of the current standdown in Soviet polemics with China.

The Theses make no specific reference to the arguments used in the "Brezhnev doctrine" to justify the invasion of Czechoslovakia. Instead, the anonymous authors revived a formulation used in 1960 by the politburo's senior ideologist, Mikhail Suslov, on the emergence of the "dictatorship of the proletariat" as an "international force." This formulation could in the future be developed as doctrinal justification for similar intervention. On the other hand, the benefits to be derived from the "political and economic cohesion" of Communist countries are heavily emphasized.

In a passage directed as much at domestic critics as at restive East and West European Communists, the Theses warn that "so-called liberalized socialism" endangers the keystone of the "true" Communist system--centralized planning and management of the economy--and threatens to substitute a market-oriented economy and economic rivalry. Yugoslavia as well as other East Europeans such as the Hungarians are likely to feel threatened by this message.

Other Soviet domestic concerns including the scientific-technological revolution and the contribution of the intelligentsia are referred to in vaguely optimistic tones but without clues as to how they are to be treated

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in the future. Soviet agriculture is described as already receiving everything necessary for its development and--in a now-standard formulation--the document notes that Soviet economic achievements would have been greater but for the fact that "the state is compelled to allocate great resources for defense."

In an unusually frank reference to a sensitive issue, the Theses warn against any attempt to use criticism of either the "personality cult" (Stalin) or "subjectivism" (Khrushchev) to revise the principles of Marxism-Leninism. Nothing is to be allowed to mar the April celebration.

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FINNISH COMMUNIST PARTY SPLIT UNRESOLVED

As 1970 begins, the conservative-liberal division in Finnish Communist ranks shows little likelihood of being mended and may result in losses for the party in the March parliamentary elections.

Alarmed at the possibility of a breakup of one of the largest West European Communist parties and the only one to sit in a government, the Soviet Communist Party has pressed the liberal leadership to compromise with the conservative minority, if only to remove the squabble from public view.

Repeated applications of Soviet pressure, however, have had only temporary effect. The liber-

als have bit by bit given way to conservative demands, but with each victory the conservatives have upped their ante. Thus, in the late fall the conservatives threatened to run their own slate of candidates in the March parliamentary elections in competition with the party's slate, but were bought off with the promise that conservative candidates would be included on the official lists. Yet local conservative organizations have stubbornly refused to accept the compromise and are going ahead with their original plans for separate slates.

After some hesitation, party chairman Saarinen attempted to conciliate the conservatives with

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a series of speeches attacking various government compromises that had been painfully negotiated with the social democrats. He even threatened to pull out of the government if Communist demands were not met, but he was persuaded by the Soviets to retreat from this position. The conservatives, meanwhile, have not only maintained their attacks on issues of domestic concern, such as economic stabilization measures and trade-union reunification, but have also denounced the proposed Nordic Economic Union. They have also called for a reversal of the party's earlier condemnation of the invasion of Czechoslovakia, thus placing themselves "to the left of the CPSU," according to one Soviet mediator.

The party's liberal rank-and-file has bitterly criticized the leadership for reversing its demand that the conservative minority close down its newspaper. The liberals have also been critical of the leadership's termination of

attacks on the conservative organizations paralleling those of the party at the national, district, and local levels and among women, youth, and labor.

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Recent public opinion polls have shown that the split in the Finnish Communist Party has led to a considerable loss in voter support since the 1966 parliamentary elections. Should the dispute continue, the party's popularity will sink even below the low-water mark set in the 1968 local elections, when, in the wake of the invasion of Czechoslovakia, many Finnish Communists either defected to the social democrats or stayed home.

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OPTIMISM PREVAILS IN EUROPEAN COMMUNITIES

The complex agreement reached last week on European Communities (EC) financing arrangements and the manner in which it was concluded have created an atmosphere of renewed confidence in the EC. If ratified by the six national parliaments, the agreement will implement a key article of the Rome treaties and will settle the issue that led

to the French walkout four years ago. The accord will also now permit the members to take up the critical problems of surplus agricultural production, structural reform of agriculture, and the question of British entry.

Under the agreed plan, the EC would be financed between 1971 and

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1975 with increasing proportions of receipts from custom duties, in addition to the agricultural levies and member-state contributions. In 1975, all such duties and levies and a portion of the tax on value added in each member country would constitute the EC's own sources of revenue. In the transition period 1971-1978, the agreement would prevent wide fluctuations in the proportion contributed by any member.

In an important step for the future development of EC institutions, German and Dutch pressure successfully overcame French resistance to strengthening the budgetary powers of the European Parliament. According to the agreement, beginning in 1975 the parliament will be able, in determining the next year's budget, to overrule the member governments as represented in the EC Council with a three fifths majority vote. The less contentious question of the parliament's budgetary role in the period 1971-1974 was not settled but will be discussed in January.

Now that the EC Council has agreed on sources of financing and on the proportion each member will be expected to pay, the members must decide how much they are willing to devote to agriculture. This will be determined by the future price-support levels they set, by the production restraints they may impose, and by the structural reform program

they adopt. All of these topics are highly controversial, and it is conceivable that debate on them could undermine the financing agreement unless the current spirit of compromise continues.

Because the six national parliaments must still approve the finance regulations, it will be some time before the package is wrapped up. The Germans have indicated that parliamentary approval depends on a successful resolution of the surplus problem. At least some of the parliaments may postpone action pending ratification by the French National Assembly, where Gaullist forces might object to increased powers for the European Parliament.

Official British reaction to the financing agreement is not yet known, but the long transition period and the limitation on the proportion contributed by any member would probably help the UK adjust to EC membership. The accord satisfies the only condition that France insisted upon before the Six could begin work on a common position for negotiating with the UK. The next test of the "spirit of The Hague" will come when the ministers attempt to face the dilemma of agricultural surpluses--a problem that bears heavily on the cost to the UK of EC membership as well as on the future of the common agricultural policy.

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UN TECHNICAL ASSISTANCE UNDER REVIEW

The Jackson Report, the first in-depth appraisal of the UN technical assistance effort, has created a stir in UN circles since its submission on 1 December. Its conclusions--many of them critical--may lead to substantial changes in both the size and administration of the UN's aid program.

Commissioned by the 37-nation governing council of the UN Development Program (UNDP), the study was directed by Sir Robert Jackson of Australia, a former UN under-secretary and a principal architect of the UN Relief and Rehabilitation Program during the late 1940s. In his 600-page report, Jackson claims that 20 percent of the assistance projects undertaken in the \$200 million annual effort are "deadwood," initiated in many cases by the "salesmanship" of the UN agencies responsible for their management. More than 30 such UN agencies utilize UNDP funds. The primary dispensers are the Food and Agricultural Organization, the World Health Organization, the Educational, Scientific, and Cultural Organization, and the Office of Technical Cooperation.

Jackson recommends that responsibility for the technical aid program be vested in a single, powerful authority, probably the UNDP itself. Since he considers that UN agencies are frequently too slow in responding to requests and inefficient in satisfying them, Jackson urges increased reliance on con-

tracting projects out to non-UN organizations. On the other hand, Jackson argues that the outlay of UNDP funds should be doubled within five years because the need is critical and the UN is the "ideal instrument to do the job." These recommendations will be taken up at the March meeting of the governing council.

Scandinavian representatives at the UN have said that the Jackson Report will be a crucial element in determining their governments' future commitments of foreign assistance through the UN system. If the technical aid program is not revamped, they would place greater emphasis on bilateral assistance and other available multilateral channels. Japan also has commented favorably on the report, stating that its "most revolutionary" proposals should be "vigorously pursued" to make the UNDP more efficient.

The less-developed countries have taken a cautious attitude toward the Jackson Report. India apparently fears that a further concentration of authority and responsibility within the UNDP would increase the influence of the major donors. Another negative note is the view of a number of Western delegates to the UN who doubt that the UNDP staff has the capability to exercise the increased prerogatives the Jackson proposals would confer on it.

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MIDDLE EAST - AFRICA

Israeli Prime Minister Golda Meir, in her Knesset speech on 29 December, paid lip service to continuing friendship with the US, but devoted most of her rhetoric to repeating Tel Aviv's "categorical" rejection of US proposals for an Israeli settlement with Egypt and Jordan. The Knesset demonstrated Israeli unity by passing almost unanimously a parliamentary resolution backing the prime minister's statements.

A high level of military action along the Jordanian and Egyptian cease-fire lines has been maintained. Israel has continued to attack Arab and fedayeen forces in Jordan in an effort to get Amman to curb fedayeen shelling of Israeli villages in the Beit Shean valley. Israel also continued its air attacks on Egyptian artillery and missile sites on the west bank of the Suez Canal and carried out small-scale commando raids in the Gulf of Suez area.

In Pakistan, full political activity resumes on 1 January as the country prepares for the election of a constituent assembly next October. President Yahya Khan has canceled the ban on public gatherings and has issued an order outlining rules of conduct for political activity. Security conditions are shaky, particularly in East Pakistan, and renewed outbreaks of violence may occur as politicians begin campaigning.

Security forces in Addis Ababa have been able so far to prevent any extension of the violence that resulted from the clash on Monday between university students and troops. The government appears convinced that the killing of the student-union president that touched off the clash was the work of radicals hoping to provoke a new student-government crisis.

In the Nigerian civil war, the Biafrans have given some ground in the face of the most sustained federal offensive in over a year. More heavy fighting and further federal gains appear likely, but the Nigerians probably will not be able to advance significantly toward Biafra's major population centers or its two main airstrips.

Dahomey's three-week-old military triumvirate has attempted to give itself a semblance of legality by adopting a "charter" and swearing to uphold it. The charter confers presidential powers on the junta and promises early elections.

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ARAB SUMMIT PROVES UNFRUITFUL

The recently concluded Arab summit conference in Rabat served only to exacerbate differences between rival Arab regimes. Indicative of the disarray at the conference was the fact that it ended without any resolutions or a final communiqué; Syria, Iraq, and Southern Yemen boycotted the final session. Other sessions were highlighted by bitter personal attacks on the leaders of the conservative Arab countries.

The summit was doomed to failure when Saudi Arabia, Kuwait, Morocco, and Algeria refused to respond to a call for greatly increased military and financial support for Egypt, Jordan, and Syria. The reluctant states begged off, claiming either that they were contributing all they could for the present or that they would contribute more only if a detailed plan for an all-out war against Israel were prepared.

The Palestinians appear to have benefited most from the conference. Arafat, the leader of the Palestine Liberation Organization (PLO), was treated as an equal by the Arab chiefs of state, and deference was shown to him by all.

Egypt's Nasir appears to have been the principal loser. As the main force behind the convening of the conference, Nasir had hoped the summit would increase his financial subsidy and confirm his leadership of the Arab world, thus enhancing his ability to manipulate both radical and moderate Arab elements. His hopes were dashed by most states at the conference. Nasir, after an initial public attack on his opponents, has decided to play down the differences that arose at the sessions. He has since stated that despite the "differences and negative aspects" of the summit, there were some positive accomplishments.

The mini-summit held by Egypt, Libya, and Sudan this past week following the Rabat meeting helped slightly to refurbish images and to assuage wounded egos. Despite emotional public rallies and speeches of Arab unity, however, little headway was made on the political unity schemes that Libya and Sudan have been pushing. The Egyptian public shows few signs of being interested in union with other Arab states. Within Libya there are many who actively oppose any increase in Egyptian influence in Libyan affairs. Indeed, much of the motivation behind the recent abortive coup attempt in Libya stemmed from a desire to put an end to the influence Egyptians already have in the country.

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INDIA'S RIVAL CONGRESS PARTIES HOLD PLENARIES

India's two rival Congress party organizations held separate plenary sessions this month. Despite strenuous efforts to smooth all internal controversy in "unanimous" decision, both meetings were troubled by the special problems to which each party is heir.

The smaller of the two and generally considered more conservative, the Organization Congress met in Gujarat State from 12 to 22 December. The conferees demonstrated a high degree of unity on only one subject--animosity for Prime Minister Gandhi.

On the vital subject of economic development and implementation of India's unique form of socialism, however, the delegates were less precise. Although the Organization Congress leans slightly more to the right than Mrs. Gandhi's party, it embraces a significant body of radical socialist opinion. Because of some of the finest minds and important members of the party hold these views, the conferees found it prudent to come up with economic resolutions that were vague on specifics and heavy on socialist rhetoric.

Attendance at the meeting demonstrated that the Organization

Congress has retained considerable nationwide support, support based as much on personal loyalty to party leaders as on ideological commitment. This support is not likely to dissipate quickly, and it is now apparent that the Organization Congress, presently the largest of all opposition parties in parliament, will be a major factor in Indian politics for the foreseeable future.

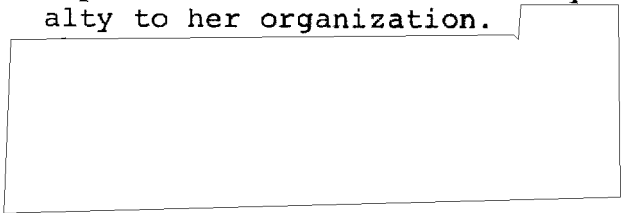
The ruling Congress party, which met on 26 December in Bombay, displayed a higher degree of disunity but managed to avoid any open defections. In keeping with the prime minister's strategy to present her party as the champion of the poor and the young, Mrs. Gandhi's party endorsed a slightly more specific socialist program than her opponents. She was careful, however, to come out strongly only for those economic measures that would not antagonize large vested-interest groups and, like the Organization Congress, she avoided putting a timetable on the more controversial proposals.

These tactics angered the "young Turks" in her party who wanted more concrete and speedy action. Mrs. Gandhi also had to contend with a large number

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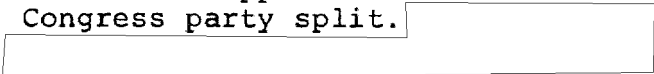
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of office seekers and others who expected rewards for their loyalty to her organization.



The two parties, having survived their "conventions" rela-

tively intact, will now focus attention on the February budget session of parliament. Mrs. Gandhi's minority government will again face crucial tests on several issues in its continuing effort to maintain the support of the disparate opposition parties that supported her when the Congress party split.



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WESTERN HEMISPHERE

With the approach of the new year, the attention of several Latin American countries was focused on coming elections.

In Chile, the Popular Unity Movement, the electoral front for six leftist and Communist parties, seems to be seriously divided because of a conflict over who should be its presidential candidate in the elections next September. Socialist Senator Salvador Allende, a three-time loser in previous presidential races, reportedly has withdrawn as his party's candidate because of opposition to him within the front. There are rumors that Rafael Gumucio, a former member of President Frei's Christian Democratic Party, will be the compromise candidate.

In the Dominican Republic, a high-ranking delegation from the major opposition Dominican Revolutionary Party met with "elder statesman" Juan Bosch in Paris this week to determine whether the party will contest the presidential election scheduled for May. Influential party radicals have called for violent struggle in lieu of electoral participation, and Bosch's "dictatorship with popular support" thesis generally endorses this view. Moderates continue to urge participation, warning that the party will cease to exist as a legal political entity if it adopts a revolutionary platform. Political activity will continue at a slow pace until the delegation returns in mid-January, and the party will probably postpone a final decision on participation until President Balaguer announces whether he will seek re-election.

In Guatemala, the "state of precaution" instituted two weeks ago to give security forces extraordinary power to deal with a wave of terrorism, has been extended for another 15 days. There has been a sharp drop in terrorist activity since the first decree was issued. The "state of precaution" does not curtail political activity preparatory to the elections on 1 March, however.

In Panama, General Torrijos continues to consolidate his power following the abortive coup attempt in mid-December. Torrijos has made several changes in the National Guard and diplomatic service. In the most significant change, the former Chief of Intelligence of the National Guard has been "exiled" to the Inter-American Defense Board in Washington.

The running battle between church and state in Paraguay continues. Four leading Christian Democratic politicians were exiled this week for alleged subversive activity. Although some Catholic laymen and clergymen openly espouse revolution

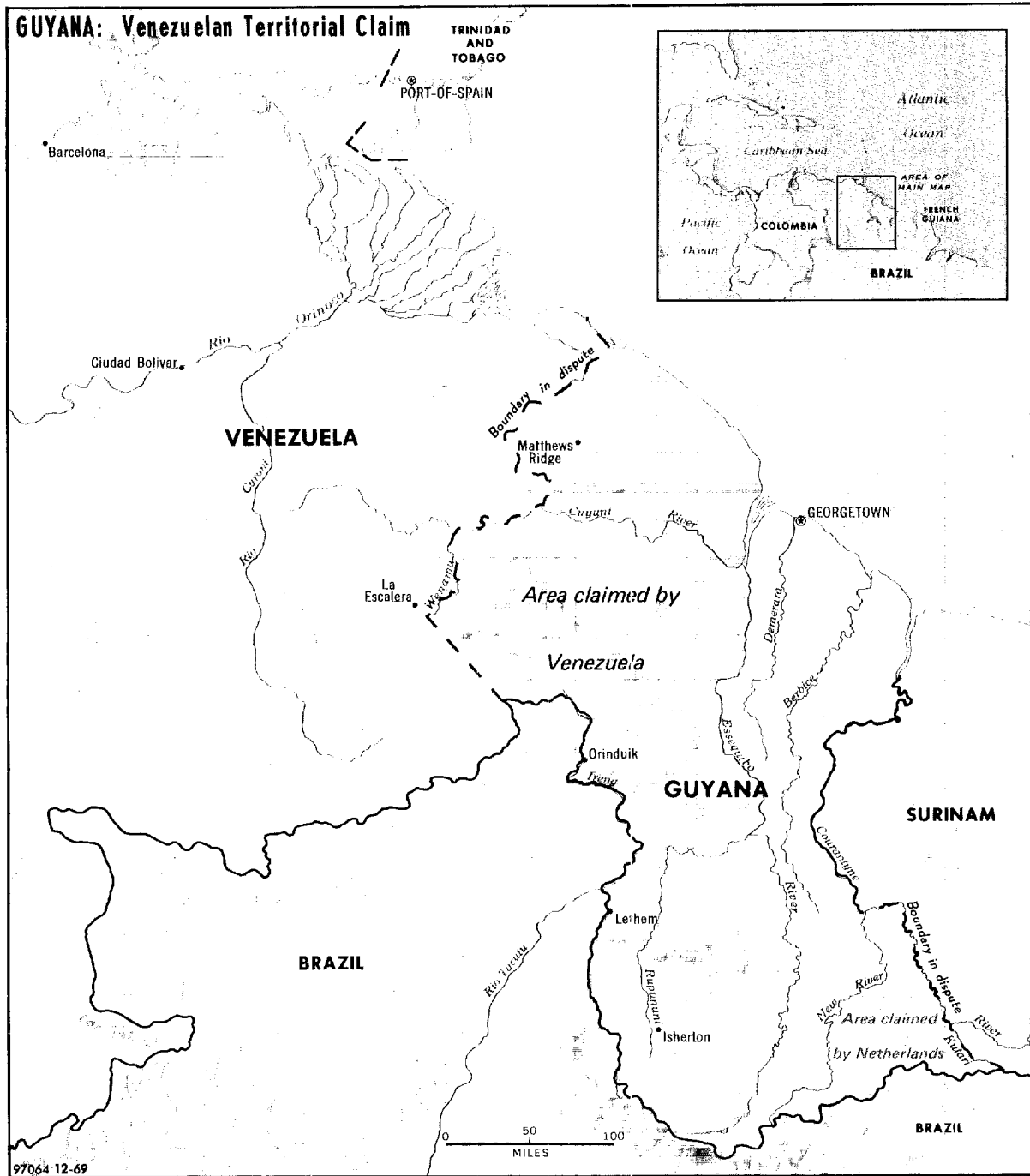
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[redacted] there does not appear to be any serious threat to his 15-year-old regime. The President continues to have the backing of the military and of the Colorado Party. [redacted]

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VENEZUELA-GUYANA BORDER DISPUTE CONTINUES

With less than two months remaining before the Venezuela-Guyana Mixed Border Commission is due to expire, no solution to the long-standing border problem is in sight. Venezuela's abrupt breaking off of the most recent commission meeting has added an extra note of uncertainty.

The mixed commission was established in 1966 just prior to Guyana's independence. The commission was to last for four years, and if no agreement on the border issue was reached by February 1970, the two countries would have three months to find other solutions. Failing that, the case would be referred to the United Nations secretary general by June 1970.

Although the commission has met regularly, it has made no substantial progress toward solving the border problem. Venezuela has little hope that the United Nations or any other international body will hand down a decision favorable to it, so it has tried to buy time by urging the Guyanese to agree to an extension of the talks. The Guyanese have little interest in extending the talks, and this apparently was the reason Venezuela abruptly broke off the session last week. The next

and last scheduled meeting is to be held on 15 February.

In the coming months Venezuela can be expected to put additional pressure on Guyana to continue the talks. Such pressure is likely to take the form of diplomatic maneuvering, a press campaign, and possibly even some troop movements. The memory of the Venezuelan-sponsored uprising in the southern Essequibo area a year ago will give an edge to the pressure. There is no indication that Venezuela intends to carry out overt or covert military operations at this time, and President Caldera appears to be firmly opposed to the use of force. Nevertheless, hawks in the government are likely to point to military action as the alternative in view of Guyana's lack of interest in continuing the commission.

The Guyanese believe that it would be futile to extend the mixed commission. They apparently are convinced that Guyana would receive a favorable decision from any international body, such as the International Court of Justice, selected to adjudicate the dispute. On the other hand, Guyana would welcome Venezuela's proposed participation in developing the area as long as the development is multinational.

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JUSTICE IN PERU TO BE "MORALIZED"

The Peruvian military has erased the last vestiges of constitutional government with a sweeping reorganization of the judiciary. Last week the Velasco government dismissed 12 of the 16 members of the Peruvian Supreme Court in order to "moralize the country and re-establish respect for the law and the reign of justice."

When the military assumed the executive and legislative functions of the Peruvian Government following the coup in October 1968, President Velasco announced that the basic law of the land would be the military's "Statutes of the Revolution" and the operable portions of the Constitution. The continued existence of an independent judiciary, which on occasion overturned government actions on constitutional grounds, was the clearest demonstration that at least some constitutional guarantees remained in effect. This has now been eliminated. The military has assumed indirect control of the judicial branch of the government with the appointment of Supreme Court justices who are more amenable to the military and who will be subject to re-appointment every five years. All other judges and attorneys are now subject to ratification in their posts under the reorganization plan.

The judicial "reform" has not met with strong opposition from any sector of society, but has been criticized by opposition newspapers. The move had been expected since last spring, but the government seemed to be holding off while it argued with the US that the judiciary was independent and that problems arising from the expropriation of the US-owned International Petroleum Company (IPC) should be settled in Peruvian courts. The Velasco government apparently has now given up any real hope that this strategy will succeed although it can be expected to continue to use it to counter any new US proposals.

In another move to consolidate its hold on power, the military has formally abolished the popular election of municipal officials. On 15 December the government issued a communiqué appointing new mayors of municipal districts to replace those elected under the Belaunde regime. Contrary to expectations, the new appointees in most cases are civilian rather than military officers. The government's preference for civilians in filling the municipal posts could indicate that it now is more willing to appoint civilians to high-level government positions.

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